



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

**TO ALL: ACCOUNTING OFFICERS OF DEPARTMENTS AND
CONSTITUTIONAL INSTITUTIONS**

**ACCOUNTING AUTHORITIES OF PUBLIC ENTITIES LISTED IN SCHEDULES
2 AND 3 TO THE PFMA**

HEAD OFFICIALS OF PROVINCIAL TREASURIES

**NATIONAL TREASURY INSTRUCTION NO. 4 OF 2022/2023: PFMA COMPLIANCE AND
REPORTING FRAMEWORK**

1. PURPOSE

1.1 The purpose of this National Treasury Instruction (“the Instruction”) is to prescribe, as set out in the Annexure (PFMA Compliance and Reporting Framework), principles and compliance reporting requirements for departments, trading entities, constitutional institutions and public entities listed in Schedules 2 and 3 to the Public Finance Management Act, 1999 (Act No. 1 of 1999 – “PFMA”) on matters related to –

- (a) application, implementation and reporting of unauthorised expenditure, irregular expenditure, and fruitless and wasteful expenditure;
- (b) reporting on payments of suppliers’ invoices; and
- (c) reporting on supply chain management information related to–
 - (i) procurement by other means; and
 - (ii) contract variations and expansions.

2. BACKGROUND

2.1 Sections 38(1)(c)(ii) and 51(1)(b)(ii) of the PFMA require accounting officers and accounting authorities to take effective and appropriate steps to, amongst others, prevent unauthorised expenditure (in a case of departments), irregular expenditure and fruitless and wasteful expenditure (in a case of all institutions subject to the PFMA).

2.2 Sections 45(c) and 57(c) of the PFMA require an official of a department, trading entity, constitutional institution, and public entity to take effective and appropriate steps to prevent

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any unauthorised expenditure, (in a case of departments), irregular expenditure and fruitless and wasteful expenditure in his or her area of responsibility.

- 2.3 Accounting officers of departments, trading entities and constitutional institutions are required to settle all contractual obligations and pay all money owing, including intergovernmental claims, within the prescribed or agreed period as required by section 38(1)(f) of the PFMA. The prescribed timeframe for settlement of contracts or other agreement and payment of creditors is 30 days from receipt of an invoice or, in a case of civil claims, from the date of settlement or court judgment in line with Treasury Regulation 8.2.3.
- 2.4 In terms of section 51(1)(c) of the PFMA, accounting authorities of public entities listed in Schedules 2 and 3 to the PFMA are required to safeguard assets and manage revenue, expenditure and liabilities of the public entity.
- 2.5 Sections 38(1)(a)(iii) and 51(1)(a)(iii) of the PFMA require accounting officers and accounting authorities to ensure an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective.

3. APPLICABILITY

The Instruction applies to all departments, trading entities, constitutional institutions and public entities listed in Schedules 2 and 3 to the PFMA.

4. AUTHORITY

The Instruction is issued in terms of section 76(1)(b), (e) and (f), (2)(e) and (4)(a) and (c) of the PFMA.

5. EFFECTIVE DATE

The Instruction takes effect from 03 January 2023.

6. TRANSITIONAL ARRANGEMENTS

- 6.1 Irregular expenditure emanating from non-compliance with the delegations of authority for departments, constitutional institutions, trading entities and public entities must be considered for condonation in terms of the definition of relevant authority as contained in Annexure to the instruction.

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- 6.2 Irregular expenditure emanating from non-compliance with the budget of a Schedules 3A and 3C public entity must be considered for condonation in terms of the definition of relevant authority as contained in Annexure to the instruction.
- 6.3 Inter-institutional arrangements as prescribed in paragraph 3.12 and 3.13 of Annexure to the instruction must be dealt with as follows –
- 6.3.1 Irregular expenditure previously disclosed in the annual financial statements of the budget holder and not addressed must remain in the register and recorded in the annual report of the budget holder and addressed in terms of Annexure to the instruction.
- 6.3.2 Irregular expenditure previously disclosed in the annual financial statements of the mandated institution and not addressed must remain in the register and annual report of the mandated institution and addressed in terms of Annexure to the instruction.
- 6.3.3 Irregular expenditure disclosed in the annual financial statements of the budget holder or mandated institution in the previous financial year must be disclosed as a comparative amount in the annual financial statements.
- 6.4 Quarter four reports for unauthorised, irregular and fruitless and wasteful expenditure for the financial year 2022/2023 must be submitted in terms of Annexure to the instruction and the quarterly reporting guideline.
- 6.5 Accounting officers and accounting authorities of provincial institutions must ensure that reports for unauthorised, irregular and fruitless and wasteful expenditure are finalised and submitted in a format and timeframe prescribed in their relevant provincial Treasury Instruction.

7. REPEAL OF INSTRUCTIONS

- 7.1 The Instruction repeals–
- 7.1.1 National Treasury Instruction No. 02 of 2019/2020 dealing with irregular expenditure Framework; and
- 7.1.2 National Treasury Instruction No. 03 of 2019/2020 dealing with fruitless and wasteful expenditure Framework.

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8. DISSEMINATION OF INFORMATION CONTAINED IN INSTRUCTION

8.1 Accounting officers of national departments are requested to bring the contents of the Instruction to the attention of all—

8.1.1 accounting officers of government components and constitutional institutions that receive transfers and subsidies from its vote; and

8.1.2 accounting authorities of public entities reporting to their executive authorities.

8.2 Head Officials of Provincial Treasuries are requested to bring the contents of this Instruction to the attention of all accounting officers of departments and accounting authorities of public entities in their respective provinces.

9. AVAILABILITY OF INSTRUCTION

The Instruction is available on the National Treasury Website at:

<http://www.treasury.gov.za/legislation/pfma/TreasuryInstruction/AccountGeneral.aspx>

10. CONTACT INFORMATION

Enquiries related to the Instruction may be directed to:

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